

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1675 – SB 1721

February 2, 2016

SUMMARY OF BILL: Requires a state employee to repay the cost of tuition and fee waivers at a public institution of higher education if the student withdraws or fails the course in which the state employee enrolled with the waiver. Requires the full amount of the waiver to be paid before enrolling in another course at a public institution of higher education, unless the state employee provides a documented medical or personal reason that is sufficient to justify the withdrawal or failure.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$170,600/TBR/FY16-17

\$120,300/UT/FY16-17

Exceeds \$170,600/TBR/FY17-18 and Subsequent Years

Exceeds \$120,300/UT/FY17-18 and Subsequent Years

Assumptions relative to Tennessee Board of Regents Universities:

- In FY14-15, Tennessee Board of Regents (TBR) universities spent \$1,066,030 on fee waivers for state employees.
- Funding for waivers for state employees was spent on a full-time equivalent (FTE) enrollment of 232.
- The annual waiver per FTE in FY14-15 at a TBR university is estimated to be \$4,595 (\$1,066,030 / 232).
- The annual waiver per FTE is estimated to increase at least three percent each fiscal year; therefore the annual waiver per FTE in FY16-17 at a TBR university is estimated to be \$4,875 [(\$4,595 x 103.0%) x 103.0%] to account for two additional fiscal years.
- Based on information from TBR, an estimated 12 percent of the total FTE enrollment relative to state employees (or approximately 28 FTEs) will fail or withdraw from a course at a TBR university annually and that 10 percent of those (approximately 3 FTEs) will provide the required justification and will not be required to repay the waiver fee.
- An estimated 25 FTEs (28 – 3) who receive a waiver at a TBR university will be required to repay it annually.
- The increase in state revenue to TBR universities in FY16-17 is estimated to be \$121,875 (\$4,875 x 25 FTE) and is estimated to exceed this amount in FY17-18 and subsequent years.

Assumptions Relative to TBR Community Colleges:

- In FY 14-15, TBR community colleges spent \$315,638 on fee waivers for state employees.
- Funding for waivers for state employees was spent on a FTE enrollment of 151.
- The annual waiver per FTE in FY14-15 at a TBR community college is estimated to be \$2,090 ($\$315,638 / 151 \text{ FTE}$).
- The annual waiver per FTE is estimated to increase at least three percent each fiscal year; therefore the annual waiver per FTE in FY16-17 at a TBR community college is estimated to be \$2,217 [$(\$2,090 \times 103.0\%) \times 103.0\%$] to account for two additional fiscal years.
- Based on information from TBR, an estimated 16 percent of the total FTE enrollment relative to state employees (or approximately 24 FTEs) will fail or withdraw from a course at a TBR community college annually and 10 percent of those (approximately 2 FTEs) will provide the required justification and will not be required to repay the waiver fee.
- An estimated 22 state employees ($24 - 2$) who receive a waiver at a TBR community college will be required to repay it annually.
- The increase in state revenue to TBR community colleges in FY16-17 is estimated to be \$48,774 ($\$2,217 \times 22$) and is estimated to exceed this amount in FY17-18 and subsequent years.

Assumption Relative to Combined Revenue to the TBR System:

- The total increase in revenue to TBR institutions in FY16-17 is estimated to be \$170,649 ($\$121,875 + \$48,774$) and is estimated to exceed this amount in FY17-18 and subsequent years.

Assumptions Relative to the University of Tennessee System:

- In FY14-15, UT institutions spent \$1,038,518 on fee waivers for state employees.
- Funding for waivers was spent on a FTE enrollment of 174.
- The annual waiver per FTE in FY14-15 at a UT institution is estimated to be \$5,968 ($\$1,038,518 / 174$).
- The annual waiver per FTE is estimated to increase at least three percent each fiscal year; therefore the annual waiver per FTE in FY16-17 at a UT institution is estimated to be \$6,331 [$(\$5,968 \times 103.0\%) \times 103.0\%$] to account for two additional fiscal years).
- Based on information from UT, an estimated 12 percent of the total FTE enrollment by state employees (or approximately 21 FTEs) will fail or withdraw from a course annually from a UT institution and 10 percent of those (approximately 2 FTEs) will provide the required justification and will not be required to repay the waiver fee.
- An estimated 19 ($21 - 2$) state employees who receive a waiver at a UT institution will be required to repay it annually.
- The increase in state revenue to UT institutions in FY16-17 from waiver repayments is estimated to be \$120,289 ($\$6,331 \times 19 \text{ FTEs}$) and is estimated to exceed this amount in FY17-18 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/rbp